

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO THE RESALE)
OF INTRASTATE WIDE AREA) ADMINISTRATIVE CASE NO. 261
TELECOMMUNICATIONS SERVICE)

O R D E R

The Commission has before it a Motion for Reconsideration received September 14, 1983, by South Central Rural Telephone Cooperative Corporation, Inc., ("SC Rural") of the Commission's Order of September 2, 1983, allowing the resale of intrastate WATS in Kentucky.

SC Rural asks that the Commission open an investigation of the full effects of the September 2, 1983, Order, as it relates to the smaller independent telephone companies and their subscribers. SC Rural is particularly concerned with the possibility that its Extended Area Service circuits may be used to access the facilities of WATS resellers, thereby avoiding existing toll routes and their revenues.

On September 20, 1983, the Commission received a letter from the Independent Telephone Group, a coalition of smaller independent telephone companies, supporting the Motion of SC Rural. On September 26, 1983, South Central Bell Telephone Company ("Bell")

filed a response to SC Rural's Motion. Bell pointed out that SC Rural had not participated in the hearing in this proceeding, although invited to by the Commission's Orders of December 12, 1982, and March 4, 1983. Bell's response also pointed out that since telephone utilities must provide intrastate WATS for completion of interstate calls, deferral of the effective date for resale of wholly intrastate WATS would not affect such traffic.

SC Rural had previously filed, on August 3, 1983, a Motion requesting that the Commission address the question of the effect of intrastate WATS resale on existing EAS agreements. In the Motion, SC Rural named TelaMarketing Communications of Western Kentucky, Inc., as a potential WATS reseller of calls originating in SC Rural's territory. SC Rural alleged that the WATS reseller located its facilities in Bowling Green, Kentucky, then contracted for foreign exchange service between Bowling Green and Glasgow, served by General Telephone Company ("General"). This would allow subscribers in nine SC Rural exchanges to have toll-free access to the reseller's facilities via the EAS network connecting General and SC Rural. SC Rural would obtain no revenue for the use of the facilities for this purpose, thereby suffering a loss of toll revenues to the extent that its subscribers become customers of the WATS reseller.

This issue was neither raised nor discussed in the hearings in this proceeding. Further, it does not appear that SC Rural has attempted to negotiate a solution to this problem with General. Without such testimony or any evidentiary background,




the Commission has no foundation for disposing of the matter on this Motion.

The Commission agrees with Bell that there should be a showing that the affected carriers have first attempted to resolve issues such as these before seeking Commission intervention. If the parties are unable to agree on a mutually satisfactory arrangement for sharing revenues, then the Commission will, upon filing of a formal complaint by an affected utility, undertake an investigation of the rates and practices involved.

IT IS THEREFORE ORDERED that SC Rural's Motion for Reconsideration be and it hereby is denied, without prejudice.

Done at Frankfort, Kentucky, this 4th day of October,
1983.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary